

# CH. KARNCHANG CK TB

## THAILAND / CONSTRUCTION SERVICES

**BUY**

UNCHANGED

TARGET PRICE	THB26.00
CLOSE	THB20.80
UP/DOWNSIDE	+25.0%
PRIOR TP	THB26.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.4%

## Solid contractor play

- In 2Q22, we expect CK's NP to significantly improve q-q to THB316m, driven mainly by higher profit sharing from associates.
- Upside from the Orange Line bidding and the strong associate earnings outlook point to bright 2022 growth prospects.
- BUY call retained as share price is at a 22% discount to THB26 TP.

### Associates to boost CKs NP in 2Q22 and 3Q22

We expect CK's 2Q22 net profit (NP) to significantly improve by 160% q-q to THB316m, while core profit should jump 160% q-q and 81% y-y, as solid profit sharing from associates (CKP, BEM and TTW) should mitigate the poor construction revenue. Based on FSSIA's 2Q22 preview, [CKP](#)'s NP should jump 15x q-q and 20% y-y to THB850m, and [BEM](#)'s NP should surge by 113% q-q and 257% y-y to THB716m. For TTW, we expect a THB232m dividend income from its 1H22 operations.

### Upside from Orange Line bidding

On 1 Aug-22, The Mass Rapid Transit Authority of Thailand opened the bid envelopes of the two consortiums – Bangkok Expressway and Metro (BEM)/CH. Karnchang Plc and Italian Thai Development Plc/Incheon Transit Corp (South Korea) – bidding to construct the 35.9-km Orange Line, Bang Khunnon-Min Buri, rail route. The bidding results will be announced in Oct-22 as planned, as a petition was dismissed by the Supreme Administrative Court on 8 Aug-22. BEM and CK's strong track record gives them the potential to win the bid, in our view. CK estimates a cTHB90b backlog from this project.

### Skyrocketing backlog is projected for 2022

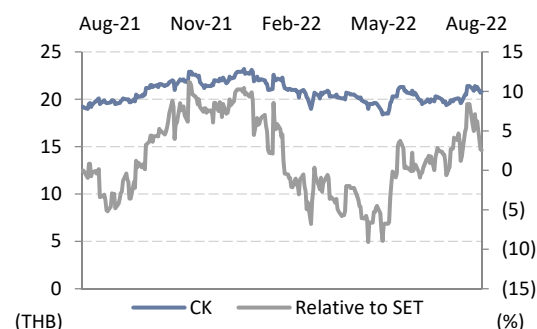
CK's backlog at end-1Q22 was THB61.5b. For 2022, we are positive that our projected backlog of THB140b can be achieved, implying an all-time high since 2004, following the execution of the tariff memorandum of understanding for CKP's associate, the 1,460MW Luang Prabang Hydroelectric Power Project with the Electricity Generating Authority of Thailand, for which CK estimates an additional cTHB100b backlog to be recorded in 3Q22. Moreover, should BEM win the MRT Orange Line bidding, CK's backlog could be boosted by cTHB90b this year or early next year.

### Solid associate profit sharing to narrow NAV discount

We maintain our BUY recommendation for strong 2022E earnings. We think that the 8.7% rise in CK's share price from THB19.6 to THB21.3 over 21 Jul-22 to 5 Aug-22 has partially priced in the anticipated strong 2Q22E earnings. CK remains attractive, in our view, currently trading at a 22% discount to our THB26 TP.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	12,199	14,954	18,977	22,700
Net profit	906	1,199	1,212	1,493
EPS (THB)	0.53	0.71	0.72	0.88
vs Consensus (%)	-	-	(32.8)	(39.6)
EBITDA	(257)	555	555	445
Core net profit	100	1,014	992	1,193
Core EPS (THB)	0.06	0.60	0.59	0.70
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(70.4)	915.2	(2.1)	20.2
Core P/E (x)	352.8	34.8	35.5	29.5
Dividend yield (%)	1.2	1.2	1.6	1.6
EV/EBITDA (x)	(280.5)	132.4	130.8	164.1
Price/book (x)	1.4	1.3	1.3	1.3
Net debt/Equity (%)	139.3	140.3	133.6	130.2
ROE (%)	0.4	3.9	3.7	4.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.2	9.5	8.9
Relative to country (%)	3.2	8.5	3.6
Mkt cap (USD m)	974		
3m avg. daily turnover (USD m)	2.9		
Free float (%)	68		
Major shareholder	Trivisvavet Family (32%)		
12m high/low (THB)	23.70/17.90		
Issued shares (m)	1,693.90		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

CK is a value stock with strong fundamentals and a solid investment portfolio, including concessions, which gives CK a chance to secure contracts from its subsidiaries. CK's volatile earnings and thin margin from its construction business are cushioned by healthy profit sharing from associates including – Bangkok Expressway and Metro (BEM TB, BUY, TP THB9.9), CK Power (CKP TB, BUY, TP THB6.6) and TTW (TTW TB, NR). CK is currently trading at a discount to our SoTP-based TP of THB26, which opens a share price upside risk, in our view. In particular, winning new mega-project bids would be a key driver for CK's share price.

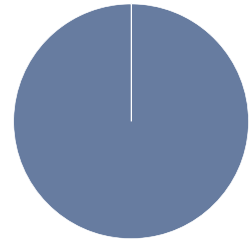
## Company profile

CH. Karnchang (CK) was incorporated in 1972 to engage in the construction business, focusing on infrastructure and government projects. Over the years, CK has expanded and invested in concessions, which helped to secure construction contracts and yield stable dividend returns.

[www.ch-karnchang.co.th](http://www.ch-karnchang.co.th)

## Principal activities (revenue, 2021)

■ Construction services - 100.0 %

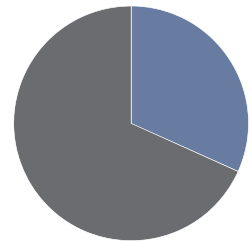


Source: CH. Karnchang

## Major shareholders

■ Trivisvavet Family - 31.7 %

■ Others - 68.3 %



Source: CH. Karnchang

## Catalysts

We think the biggest potential catalysts for CK would be the booking of the Luangprabang hydropower plant project to its backlog in 3Q22 and the ongoing bidding for government mega-infrastructure projects. Importantly, BEM should benefit from the opening of the Blue Line extension and a possible concession extension. In addition, we also think that CK has the potential to win the renewed MRT Orange Line (western section) bidding this year.

## Risks to our call

Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.

## Event calendar

Date	Event
15 Aug-22	Expect 2Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
Net profit (THB m)	1,199	1,212	1,493
Core net profit (THB m)	1,014	992	1,193
New signed projects (THB m)	110,000	30,000	30,000
Gross profit margin (%)	9.0	9.0	8.5
SG&A to sales (%)	10.0	10.0	10.0

Source: FSSIA estimates

## Earnings sensitivity

- GPM has a bigger impact on earnings than new orders booked, though both are important.
- A one ppt change in GPM could affect 2022 net profit by 11%, all else being equal.
- A 10% change in new orders booked could affect 2022 net profit by 11%, all else being equal.

Source: FSSIA estimates

## Exhibit 1: CK – 2Q22 earnings preview

	2Q21	1Q22	2Q22E	----- Change -----		2Q22E	----- 1H22E -----			2022E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(%22E)	(THB m)	(y-y%)	(%22E)	(THB m)	(y-y %)
Revenue	3,190	7,039	3,250	(54)	2	22	10,289	68	69	14,954	23
Gross profit*	259	590	250	(58)	(3)	19	840	68	62	1,346	40
Operating costs	497	469	504	7	1	34	973	0	65	1,495	(22)
Operating profit	(238)	122	(254)	(309)	7	170	(132)	(72)	89	(150)	84
Operating EBITDA	(63)	297	(78)	(126)	(23)	(14)	219	(274)	39	555	316
Other income	477	244	474	94	(1)	30	718	2	46	1,569	11
Interest expense	(357)	(330)	(330)	(0)	(8)	20	(660)	(4)	41	(1,623)	17
Profit before tax	(119)	35	(110)	(414)	(7)	54	(75)	(84)	37	(203)	78
Tax	9	4	10	130	11	n/a	14	(16)	n/a	0	nm
Associates	306	84	436	420	42	35	520	12	42	1,251	15
Minority interests	(4)	7	0	(100)	100	0	7	2	nm	(34)	23
Non-recurring items	143	0	0	nm	(100)	0	0	(100)	0	185	(77)
Reported net profit	318	121	316	160	(1)	26	437	(17)	36	1,199	32
Recurring net profit	175	121	316	160	81	31	437	n/a	43	1,014	915
EPS (THB)	0.19	0.07	0.19	160	(1)	26	0.26	(17)	36	0.71	32
Recurring EPS (THB)	0.10	0.07	0.19	160	81	31	0.26	n/a	43	0.60	915
Key Ratios (%)	(%)	(%)	(%)	(ppt)	(ppt)		(%)			(%)	(ppt)
Gross margin	8.1	8.4	7.7	(0.7)	(0.4)		8.2			9.0	1.1
Operating margin	(7.5)	1.7	(7.8)	(9.5)	(0.4)		(1.3)			(1.0)	6.8
EBITDA margin	(2.0)	4.2	(2.4)	(6.6)	(0.4)		2.1			3.7	5.8
Recurring net margin	(3.4)	0.6	(3.1)	(3.6)	0.4		(0.6)			(1.4)	5.9
SG&A / Sales	15.6	6.7	15.5	8.8	(0.1)		9.5			10.0	(5.7)

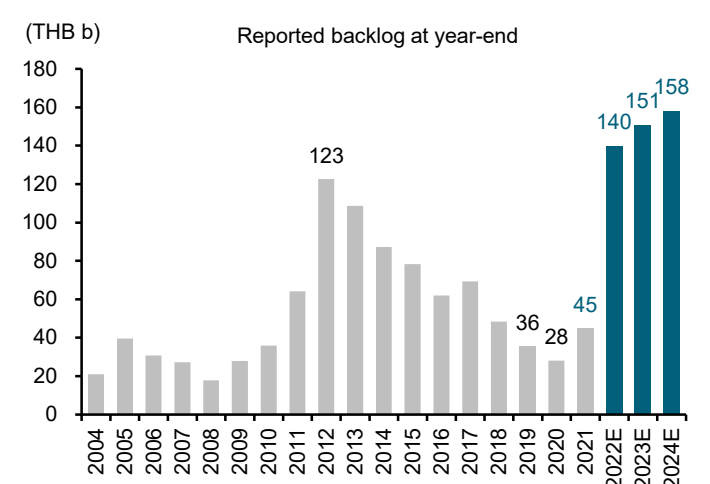
\* Includes depreciation and amortisation; Sources: CK; FSSIA estimates

## Exhibit 2: CK's NAV

Company	CK's stake (%)	SoTP value (THB m)
Bangkok Expressway & Metro (BEM TB, BUY, TP THB9.9)	31	47,364
CK Power (CKP TB, BUY, THB6.6)	32	17,115
TTW Plc (TTW TB, at THB11.9, not rated)	19	9,211
<b>Total</b>		<b>73,690</b>
CK's core business - based on 15x 2022E P/E		4,860
+ Other assets		1,529
- Net debt		(36,381)
NAV		43,698
<b>NAV/share (THB)</b>		<b>26</b>

Source: FSSIA estimates

## Exhibit 3: CK's backlog (THB61.5b at end of 1Q22)



Sources: CK; FSSIA estimates

## Exhibit 4: Backlog at end of 1Q22 for projects with remaining value of over THB1b

Project name	Project Period	Value (THB m)	Completion (%)	Remaining (THB m)
1 Double Track Denchai - Chiang Rai - Chiang Khong Contract 2 (JV 54:41:5) *	2021-2027	13,571	0.2	13,544
2 MRT PL (Southern Extension) : Contract 1 (JV 55 : 45)	2022-2027	9,987	0.0	9,987
3 Double Track Denchai - Chiang Rai - Chiang Khong Contract 3 (JV 51:39:10) *	2021-2027	9,240	0.3	9,212
4 MRT PL (Southern Extension) : Contract 2 (JV 55 : 45)	2022-2027	8,161	0.0	8,161
5 Water transmission tunnel - Bangmod-Samrong Pumping station*	2021-2024	4,677	8.4	4,284
6 H.R.H. Princess Chulabhorn's Comemorating: Learning & Research Centre *	2020-2024	3,777	15.4	3,195
7 MRT OL Underground Civil Work, contract 2 (JV 60:40)	2017-2022	12,060	77.4	2,726
8 MRT BL Hua Lamphong - Bang Sue MS/E&M	2015-2027	4,048	44.8	2,234
9 Rama III - Dao Kanong Expressway Cable-stayed Bridge - contract 4*	2019-2023	6,202	71.5	1,768
10 MRT OL Underground Civil Work, contract 1 (JV 60:40)	2017-2022	11,570	85.0	1,736
11 King Chulalongkorn Hospital Integrated Medical Center Building *	2019-2023	2,019	31.4	1,385
Others		169,479		3,220
<b>Total backlog at end 1Q22</b>		<b>254,792</b>	<b>24.1</b>	<b>61,452</b>

Sources: CK 1Q22 investor presentation; FSSIA's compilation

## Financial Statements

CH. Karnchang

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	16,746	12,199	14,954	18,977	22,700
Cost of goods sold	(14,615)	(10,541)	(12,903)	(16,524)	(19,985)
<b>Gross profit</b>	<b>2,131</b>	<b>1,658</b>	<b>2,050</b>	<b>2,453</b>	<b>2,715</b>
Other operating income	0	0	0	0	0
Operating costs	(2,027)	(1,915)	(1,495)	(1,898)	(2,270)
<b>Operating EBITDA</b>	<b>104</b>	<b>(257)</b>	<b>555</b>	<b>555</b>	<b>445</b>
Depreciation	(726)	(695)	(705)	(745)	(785)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(622)</b>	<b>(951)</b>	<b>(150)</b>	<b>(190)</b>	<b>(340)</b>
Net financing costs	(634)	(792)	(929)	(1,023)	(1,014)
Associates	857	1,088	1,251	1,314	1,576
Recurring non-operating income	1,636	1,909	2,126	2,249	2,599
Non-recurring items	275	806	185	220	300
<b>Profit before tax</b>	<b>655</b>	<b>971</b>	<b>1,233</b>	<b>1,256</b>	<b>1,544</b>
Tax	(28)	(38)	0	0	0
<b>Profit after tax</b>	<b>627</b>	<b>933</b>	<b>1,233</b>	<b>1,256</b>	<b>1,544</b>
Minority interests	(15)	(28)	(34)	(43)	(52)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>612</b>	<b>906</b>	<b>1,199</b>	<b>1,212</b>	<b>1,493</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(275)</b>	<b>(806)</b>	<b>(185)</b>	<b>(220)</b>	<b>(300)</b>
<b>Recurring net profit</b>	<b>337</b>	<b>100</b>	<b>1,014</b>	<b>992</b>	<b>1,193</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.20	0.06	0.60	0.59	0.70
Reported EPS	0.36	0.53	0.71	0.72	0.88
DPS	0.20	0.25	0.25	0.33	0.33
Diluted shares (used to calculate per share data)	1,694	1,694	1,694	1,694	1,694
<b>Growth</b>					
Revenue (%)	(27.2)	(27.2)	22.6	26.9	19.6
Operating EBITDA (%)	44.9	nm	nm	0.0	(19.9)
Operating EBIT (%)	nm	nm	nm	nm	nm
Recurring EPS (%)	(80.5)	(70.4)	915.2	(2.1)	20.2
Reported EPS (%)	(65.6)	48.0	32.4	1.1	23.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.4	7.9	9.0	9.0	8.5
Gross margin of key business (%)	8.4	7.9	9.0	9.0	8.5
Operating EBITDA margin (%)	0.6	(2.1)	3.7	2.9	2.0
Operating EBIT margin (%)	(3.7)	(7.8)	(1.0)	(1.0)	(1.5)
Net margin (%)	2.0	0.8	6.8	5.2	5.3
Effective tax rate (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout on recurring profit (%)	100.5	424.0	41.8	56.5	47.5
Interest cover (X)	1.6	1.2	2.1	2.0	2.2
Inventory days	57.6	93.9	93.5	90.7	92.4
Debtor days	79.6	88.7	61.7	60.8	62.4
Creditor days	65.1	83.3	68.0	66.0	67.2
Operating ROIC (%)	(6.6)	(7.5)	(1.0)	(1.2)	(2.0)
ROIC (%)	1.6	1.5	3.0	3.0	3.2
ROE (%)	1.3	0.4	3.9	3.7	4.3
ROA (%)	1.2	1.1	2.3	2.2	2.3

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2020	2021	2022E	2023E	2024E
Construction services	16,746	12,199	14,954	18,977	22,700
Others	0	0	0	0	0

Sources: CH. Karnchang; FSSIA estimates

## Financial Statements

CH. Karnchang

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	337	100	1,014	992	1,193
Depreciation	726	695	705	745	785
Associates & minorities	(11)	(13)	0	0	0
Other non-cash items	(544)	(522)	(369)	(376)	(362)
Change in working capital	(5,884)	(926)	(2,209)	(38)	(1,520)
<b>Cash flow from operations</b>	<b>(5,376)</b>	<b>(666)</b>	<b>(859)</b>	<b>1,323</b>	<b>95</b>
Capex - maintenance	(756)	(428)	(1,000)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	1,202	(370)	502	682	728
Other investments (net)	537	543	406	418	416
<b>Cash flow from investing</b>	<b>983</b>	<b>(254)</b>	<b>(93)</b>	<b>100</b>	<b>143</b>
Dividends paid	(339)	(423)	(423)	(561)	(567)
Equity finance	(1,819)	(660)	0	0	0
Debt finance	5,523	827	3,603	(863)	328
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>3,365</b>	<b>(256)</b>	<b>3,180</b>	<b>(1,424)</b>	<b>(239)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(364)</b>	<b>383</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(1,393)</b>	<b>(793)</b>	<b>2,228</b>	<b>0</b>	<b>0</b>
Free cash flow to firm (FCFF)	(3,118.36)	465.24	670.74	3,095.81	1,901.20
Free cash flow to equity (FCFE)	765.01	289.95	2,651.09	560.53	566.92
<b>Per share (THB)</b>					
FCFF per share	(1.84)	0.27	0.40	1.83	1.12
FCFE per share	0.45	0.17	1.57	0.33	0.33
Recurring cash flow per share	0.30	0.15	0.80	0.80	0.95
Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	16,939	16,899	17,899	18,899	19,899
Less: Accumulated depreciation	(5,745)	(5,972)	(6,676)	(7,421)	(8,207)
<b>Tangible fixed assets (net)</b>	<b>11,194</b>	<b>10,927</b>	<b>11,223</b>	<b>11,478</b>	<b>11,692</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	50,366	50,895	50,895	50,895	50,895
Cash & equivalents	7,767	6,973	9,201	9,201	9,201
A/C receivable	3,659	2,273	2,786	3,535	4,229
Inventories	2,436	2,988	3,619	4,593	5,525
Other current assets	5,972	7,835	9,604	12,188	14,580
<b>Current assets</b>	<b>19,834</b>	<b>20,069</b>	<b>25,210</b>	<b>29,518</b>	<b>33,534</b>
Other assets	1,381	1,529	1,874	2,379	2,845
<b>Total assets</b>	<b>82,774</b>	<b>83,421</b>	<b>89,203</b>	<b>94,270</b>	<b>98,967</b>
Common equity	25,847	25,669	26,444	27,096	28,022
Minorities etc.	424	439	473	516	568
<b>Total shareholders' equity</b>	<b>26,271</b>	<b>26,108</b>	<b>26,917</b>	<b>27,613</b>	<b>28,590</b>
Long term debt	38,638	36,634	39,678	38,948	39,226
Other long-term liabilities	3,108	2,931	3,593	4,560	5,454
<b>Long-term liabilities</b>	<b>41,746</b>	<b>39,565</b>	<b>43,271</b>	<b>43,508</b>	<b>44,680</b>
A/C payable	2,636	2,174	2,633	3,341	4,019
Short term debt	3,889	6,721	7,280	7,146	7,197
Other current liabilities	8,232	8,853	9,102	12,662	14,482
<b>Current liabilities</b>	<b>14,758</b>	<b>17,748</b>	<b>19,014</b>	<b>23,149</b>	<b>25,697</b>
<b>Total liabilities and shareholders' equity</b>	<b>82,774</b>	<b>83,421</b>	<b>89,203</b>	<b>94,270</b>	<b>98,967</b>
Net working capital	1,199	2,069	4,275	4,314	5,833
Invested capital	64,139	65,420	68,267	69,066	71,266
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	15.26	15.15	15.61	16.00	16.54
Tangible book value per share	15.26	15.15	15.61	16.00	16.54
<b>Financial strength</b>					
Net debt/equity (%)	132.3	139.3	140.3	133.6	130.2
Net debt/total assets (%)	42.0	43.6	42.3	39.1	37.6
Current ratio (x)	1.3	1.1	1.3	1.3	1.3
CF interest cover (x)	2.2	1.4	3.9	1.5	1.6
Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>104.6</b>	<b>352.8</b>	<b>34.8</b>	<b>35.5</b>	<b>29.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>130.7</b>	<b>441.0</b>	<b>43.4</b>	<b>44.4</b>	<b>36.9</b>
Reported P/E (x)	57.6	38.9	29.4	29.1	23.6
Dividend yield (%)	1.0	1.2	1.2	1.6	1.6
Price/book (x)	1.4	1.4	1.3	1.3	1.3
Price/tangible book (x)	1.4	1.4	1.3	1.3	1.3
EV/EBITDA (x) **	678.4	(280.5)	132.4	130.8	164.1
EV/EBITDA @ target price (x) **	763.2	(314.8)	148.2	146.7	183.9
EV/invested capital (x)	1.1	1.1	1.1	1.1	1.0
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: CH. Karnchang; FSSIA estimates

## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	CHAX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIPP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021



## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

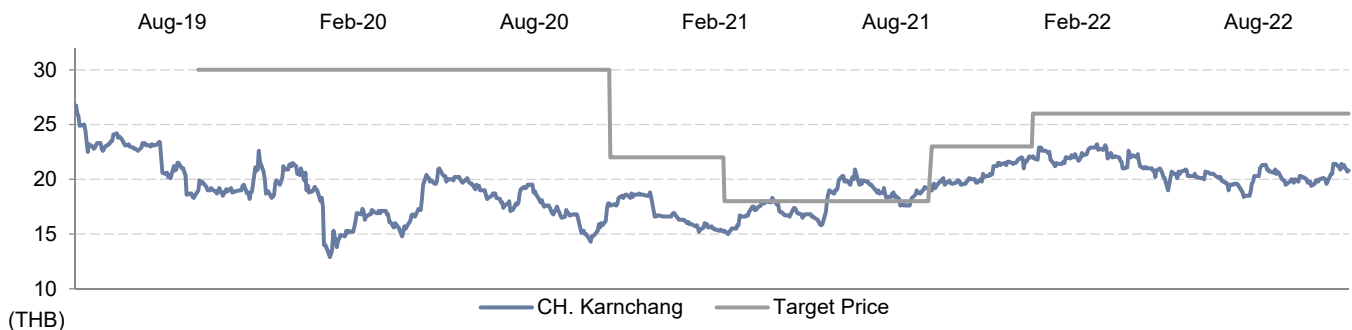
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### CH. Karnchang (CK TB)



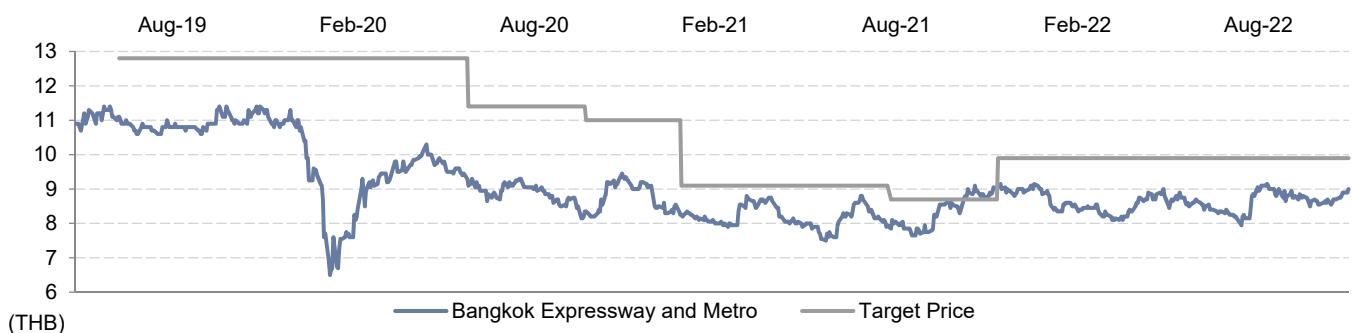
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Nov-2019	BUY	30.00	18-Feb-2021	BUY	18.00	10-Nov-2021	BUY	26.00
12-Nov-2020	BUY	22.00	13-Aug-2021	BUY	23.00			

Songklod Wongchai started covering this stock from 12-Nov-2020

Price and TP are in local currency

Source: FSSIA estimates

#### Bangkok Expressway and Metro (BEM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Sep-2019	BUY	12.80	12-Jan-2021	HOLD	9.10	11-Oct-2021	BUY	9.90
13-Jul-2020	BUY	11.40	25-Feb-2021	BUY	9.10			
22-Oct-2020	BUY	11.00	09-Jul-2021	BUY	8.70			

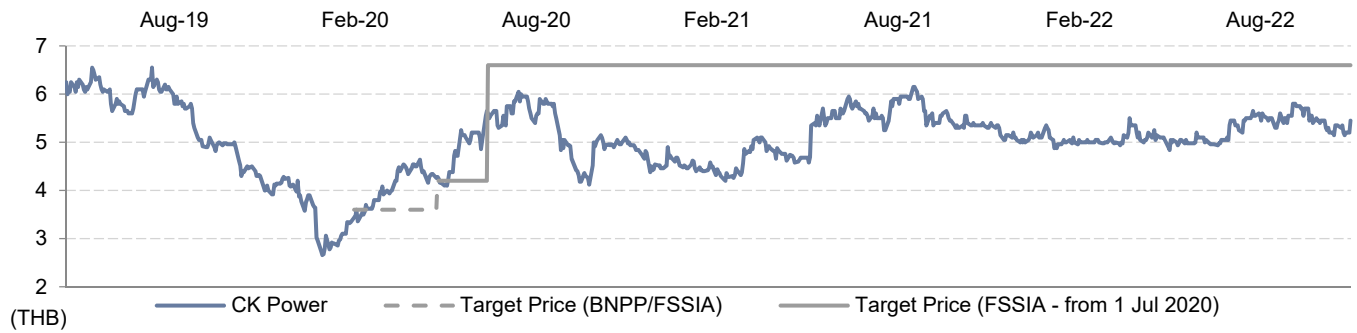
Naruedom Muijalinkool started covering this stock from 13-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates



## CK Power (CKP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
13-Apr-2020	HOLD	3.60	23-Jun-2020	HOLD	4.20	04-Aug-2020	BUY	6.60

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 23-Jun-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
CH. Karnchang	CK TB	THB 20.80	BUY	Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.
Bangkok Expressway and Metro	BEM TB	THB 9.00	BUY	The key downside risks to our SoTP-based TP are 1) traffic and ridership recovering more slowly than our expectation; and 2) the company being unable to win the new mass transit project bids.
CK Power	CKP TB	THB 5.45	BUY	The downside risks to our SoTP-based TP include lower-than-expected demand for electricity in Thailand and lower-than-expected water supply for hydro projects.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 09-Aug-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

## Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

## Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.